Incentives to textile industry in view of recession

416. SHRIMATI RATNA BAI: Will the Minister of TEXTILES be pleased to state:

(a) whether the growth rate of textile industry has come down sharply due to recession and other factors;

(b) if so, the details thereof; and

(c) the incentives being offered to textile industry to come out from recession in short and long term measures especially for the textile workers in Andhra Pradesh areas where suicides are happening in districts like Sircilla and Rajamundhary and other areas?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRIMATI PANABAKA LAKSHMI): (a) to (c) The Government is aware of the impact of global economic slowdown on the Indian textiles industry and has been in continuous dialogue with the industry, which is passing through a challenging time. India's textiles exports have marginally declined by 5.31 % in dollar terms during April - February' 2008-09 over the corresponding period of previous financial year. The Government is closely monitoring both the domestic & international economic developments and had announced two stimulus packages on 7th December, 2008 and 2nd January, 2009 to boost exports, arrest the impact of economic slow down and to improve liquidity. These measures/packages have helped to meet the crisis to a great extent. These measures are applicable for the entire country including the State of Andhra Pradesh and, *inter alia*, include:-

i) Additional allocation of Rs.1400 crore to clear the entire backlog of Technology Upgradation Fund Scheme (TUFS),

ii) All items of handicrafts to be included under 'Vishesh Krishi & Gram Udyog Yojana (VK&GUY)'.

iii) Across-the-board cut of 4% in the *ad-valorem* Cenvat rate till 31.3.2009.

iv) Interest subvention of 2% upto 31.3.2009 subject to a minimum of 7% per annum on pre and post-shipment export credit (since extended to 30.9.09 in the Union Budget 2009-10).

v) Provision of additional funds for full refund of Terminal Excise Duty/Central Sales Tax.

vi) Enhanced back-up guarantee to ECGC to cover for exports to difficult markets/products.

vii) Refund of Service Tax on foreign agent commissions of upto 30% of FOB value of exports as well as refund of service tax on output service while availing benefits under Duty Drawback Scheme.

viii) Credit targets of Public Sector Banks revised upward to reflect the needs of the economy.

ix) State Leve Bankers Committee would hold meetings for resolution of Credit issues of MSMEs.

x) Guarantee cover under Credit Guarantee Scheme doubled to Rs. 1 crore with cover of 50%.

xi) DEPB rates restored to pre-November, 2008 levels and extended till 31.12.2009.

xii) Duty Drawback on knitted fabrics enhanced retrospectively from 1.9.2008.

The above measures are in addition to the following relief measures that had been introduced earlier to overcome the crisis facing the manufacturing industry in general of the entire country including those in the State of" Andhra Pradesh:-

i) Income Tax benefit to 100% EOUs under Section 10B of I.T. Act, extended by Government for one more year, beyond 31.3.2009.

ii) Customs duty payable under EPCG scheme reduced from 5% to 3%.

iii) Average export obligation under EPCG for Premier Trading Houses shall, as an option, be calculated; based on the average of last 5 years export, instead of the present 3 years.

iv) Exports made towards fulfillment of export obligation under EPCG Scheme shall be eligible for incentives/rewards under promotional schemes.

v) In case of textile and granite sector EOUs, payment of only excise duty on DTA sale, in case the use of duty paid imported inputs is up to 3% of the FOB value of exports.

vi) Enhanced duty credit scrip of 2.5% (instead of the normal 1.25% under FPS) would be allowed for export of High value added manufactured products.

vii) Inclusion of 10 more countries within the arnbit of Focus Market Scheme.

viii) Measures to reduce transaction cost to the exporters and procedural simplification have also been incorporated.

Government accords utmost priority to promotion of textiles sector in view of its potential for employment generation and foreign exchange earnings. In this context, the following long term measures may be enumerated which are applicable for the entire country including the State of Andhra Pradesh:-

i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC).

ii) To facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector, the Technology Upgradation Fund Scheme (TUFS) has been launched. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

iii) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in August 2005.

iv) The fiscal duty structure has been generally rationalized to achieve growth and maximum value addition within the country in successive Budgets from 2004-05 onwards.

v) In order to cater to the growing skilled manpower requirements at shop floor level, Government is providing assistance for strengthening existing and opening new Apparel Training and Design Centres (ATDCs).

vi) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

vii) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

viii) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.

With the objective to provide interim relief to textile workers rendered unemployed as a consequence of permanent closure of any particular portion or entire textile unit, Government has implemented the Textiles Workers Rehabilitation Fund Scheme (TWRFS) *w.e.f.* 15.9.1986. Assistance under the Scheme is provided to eligible workers only for the purpose of enabling them to settle in another employment.

SEZs in Andhra Pradesh

417. SHRI MOHD. ALI KHAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government is going to make SEZs in the country;

(b) if so, the details thereof;

(c) the present status of SEZs in each State especially in Andhra Pradesh; and

(d) the purpose of each SEZ in Andhra Pradesh and employment given so far?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA): (a) Central Government has enacted the Special Economic Zone Act, 2005 and Rules, 2006 under which a Special Economic Zone can be set up either jointly or severally by the Central Government, State Governments, or any person for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone.

(b) Seven Central Government and 12 State/Private Special Economic Zones (SEZs) were set up prior to the SEZ Act, 2005. In addition, 322 SEZs have been notified till 19th June, 2009 after the enactment of the SEZ Act, 2005.

(c) and (d) The State wise present status of notified SEZs including those in Andhra Pradesh is enclosed at Statement. The current employment in different SEZs in the State of Andhra Pradesh is about 30,998.